Down Payment Assistance Program
Qualifications & Required Application Materials

Qualifications:

- The home being purchased must be located within the Town of Normal and owner-occupied (apartments and mobile homes do not qualify)
- The gross income of the homebuyer/household must fall within the guidelines established by HUD (https://www.normal.org/1074/Down-Payment-Assistance-Program)
- The House-to-Income Ratio must not be greater than 30%
- The Total Debt-to-Income Ratio must not be greater than 37%
- Personal funds of the homebuyer going toward down payment/closing costs must not exceed 10% of the contract purchase price of the home
- The homebuyer must retain a minimum of $1,000 in a bank account after the down payment/closing costs have been paid

If any of these qualifications are not met, please do not submit an application for grant assistance

Lenders must provide the following in a request for down payment assistance:

1. An original letter, on Lender’s letterhead, containing the information as shown on the attached “Sample Letter”
2. Signed copies of the attached forms: Mortgage Lender Down Payment Assistance Closing Agreement; Affidavit of Lending Institution; and Affidavit of Household Income and Subordination Policy.
3. A SIGNED copy of the applicant’s Uniform Residential Loan Application
4. A SIGNED copy of the applicant’s most recent Federal Tax Return and income verification on the Residential Loan Application
5. A SIGNED copy of a current appraisal
6. A SIGNED copy of the Residential Real Property Disclosure Report
7. A SIGNED copy of the Lead Paint Disclosure Report
8. A copy of the FHA inspection documentation (if applicable)
9. A copy of title work on the property
10. An approximate closing date. WE MUST HAVE A MINIMUM OF TWO (2) WEEKS NOTICE PRIOR TO CLOSING. Failure to provide this notice or any of the above documents may result in rejection of the application.

PLEASE DO NOT SEND DOCUMENTS OTHER THAN THOSE REQUESTED

Completed application materials can be submitted by mail, in person, or electronically to:

By Mail: Town of Normal
Attn: Taylor Long
11 Uptown Circle
Normal, IL 61761

In Person/Electronically: Taylor Long, Associate Planner
1 Uptown Circle (2nd Floor)
Normal, IL 61761
ilong@normal.org
SAMPLE LETTER

THIS LETTER MUST BE ON YOUR LENDING INSTITUTION LETTERHEAD

Date

Town of Normal
Attn: Down Payment Assistance Program
11 Uptown Circle
Normal, IL 61761

Dear Town of Normal Official,

(Name of Borrower/s) is/are in need of $__________ (amount being requested from the Town of Normal) in order to qualify for a mortgage loan to purchase the property at (address of property to be purchased). Without this assistance, (Name of Lending Institution) cannot approve this loan.

The purchase price agreed on is $______________. The total downpayment required is $______________ leaving a loan amount of $______________. The closing costs total $______________. The matching funds the buyers are providing total $______________ (this amount must be equal to or greater than the grant amount requested) and the source of those fund is/are ________________.

The property closing is scheduled for (date, time and location).

Sincerely,

Your name and title
MORTGAGE LENDER DOWNPAYMENT ASSISTANCE CLOSING AGREEMENT

The ________________________________ (Lending Institution) agrees to accept and record any Note, Mortgage or Other Document (the Requested documents) with the Recorder of Deeds in McLean County, Illinois requested by the Town of Normal as part of the Town of Normal’s Downpayment Assistance program with the regard to the purchase of property located at ___________________________________________ (address) by _________________________________ (Borrower). The Lending Institution agrees to file the requested documents within a commercially reasonable period of time, but in no event shall the filing occur more than two weeks after receipt of the Town of Normal Downpayment Assistance by the Borrower. The Lending Institution will not charge the Town for the cost of filing any requested documents, but the Lending Institution may collect such filing costs at closing. The Lending Institution agrees to indemnify the Town of Normal for any loss incurred by the Town, including legal fees needed to clear title, as the result of any filing with the Recorder of Deeds which affects the Town of Normal’s interest in the property which occurs after receipt of the Town of Normal’s Downpayment Assistance by the Borrower and before the filing of the requested documents by the Recorder of Deeds in McLean County.

Date:

_____________________________________________________
Name and Title
AFFIDAVIT OF LENDING INSTITUTION

The undersigned officer/agent of ________________________________ (Lending Institution) states that ________________________________ (Borrower) and ________________________________ (Co-Borrower) would not qualify for the loan being sought to purchase property located at the following address:
______________________________________________________________________________
without assistance from the Town of Normal’s Downpayment Assistance Program from the Community Development Block Grant funds.

I also confirm that I have shared and reviewed the Town’s Subordination Request Policy with the Borrower and Co-Borrower.

________________________________________________
Name and Title

________________________________________________
Date
STATE OF ILLINOIS

McLEAN COUNTY

I, the undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she/they signed, sealed, and delivered the said instrument as his/her/their free voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _________ day of ____________________.

_______________________________
Notary Public
(seal)
AFFIDAVIT OF HOUSEHOLD INCOME AND SUBORDINATION REQUEST POLICY

The total annual income for all persons residing in this household is:

$________________________________________________________

Attached are copies of the most recent federal tax filing forms for the prior calendar year for all persons residing in the household.

Attached are copies of current pay stubs or other evidence of current income for all persons residing in the household.

The following persons reside in the household:

NAME    AGE  RELATION

No other person other than those listed above resides in the household.

The lending institution has reviewed the Town of Normal Subordination Request Policy with me. I fully understand this policy and recognize that it is subject to change without notice.

The undersigned swears that the foregoing is true and correct.

_____________________________________ ____________________________________
Borrower                                  Co-Borrower

_____________________________________
Date
STATE OF ILLINOIS )
     ) ss
McLEAN COUNTY )

I, the undersigned, a Notary Public in and for said County in the State aforesaid, do hereby certify that personally known to me to be the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she/they signed, sealed, and delivered the said instrument as his/her/their free voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this _________ day of ____________________.

________________________________________
Notary Public
(seal)